

**Addendum to Testimony
Before the Taxation Committee
Of the Montana House of Representatives
In Support of Senate Bill 105
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Mr. Chairman and members of the Committee:

Last week I spoke in favor of Senate Bill 105, to provide tax incentives for carbon capture and sequestration. I'm concerned that Committee members may have been provided incorrect information during questioning.

First, I'd like to clarify the position of PPL Montana regarding SB 105. PPL Montana supports efforts to provide incentives to develop the infrastructure necessary to capture, compress, transport, reuse and/or sequester carbon dioxide. This bill includes tax incentives that would greatly benefit early stage research and development of these technologies. However, the bill could be improved with amendments for additional incentives, including reuse such as enhanced oil recovery.

Second, the bill includes contingency voidance on SB 218, which was recently tabled. This Committee has an opportunity to advance an important incentive package for carbon capture, reuse and storage by deleting this contingency voidance during executive action.

The incorrect information discussed during last week's hearing involved enhanced oil recovery. The statement was made that incentives should not be applied to enhanced oil recovery since it is already occurring. That's only partially true. Enhanced oil recovery using injected carbon dioxide was first tried in Texas in 1972 and has been used with success ever since. Oil companies typically acquire CO2 from natural reservoirs. The gasification plant in North Dakota is able to capture carbon dioxide and send it via pipeline to Saskatchewan for EOR. However, enhanced oil recovery with carbon dioxide from the flue gas of a coal-fired power plant has never been achieved and is an activity that would provide significant environmental and economic benefits.